

SUBJECT:

PENSION FUNDING POLICY

**POLICY
NUMBER**

200-06

**EFFECTIVE
DATE**

08-13-2019

PURPOSE: To establish a systematic and disciplined method to accumulate resources to be used towards funding pension liability and future benefit payments, and to provide reasonable assurance that the cost of pension benefits will be funded in an equitable and sustainable manner.

POLICY:

1. The City shall establish a plan to pay down its pension liabilities and/or stabilize future contribution rates.
2. Pension fund contributions shall have the same budget priority as other personnel costs such as salaries and benefits.
3. Actuarially Determined Contribution (ADC) shall be obtained annually and serve as the basis for pension fund contributions to the respective plans.
4. The ADC should be calculated in a manner that fully funds the long-term costs of promised benefits, while balancing the goals of:
 - a. Keeping contributions relatively stable; and
 - b. Equitably allocating the costs over the employees' period of active service.
5. The City shall continue to contribute a minimum of 100% of the ADC annually to the respective plans.
6. Changes in net pension liabilities, each plan's funded status, and other related ratios shall be communicated to the public annually through the publication of the City's Comprehensive Annual Financial Report.
7. Pension benefit increases that require a CalPERS contract amendment should not be recommended nor approved until the pension plan reaches 100% funded status.